
OLR Bill Analysis

SB 32

AN ACT CONCERNING WORKING FAMILIES' WAGES.

SUMMARY:

Under current law, the state's minimum hourly wage is scheduled to increase from \$8.70 to \$9.00 on January 1, 2015. This bill instead increases it to (1) \$9.15 on that date, (2) \$9.60 on January 1, 2016, and (3) \$10.10 on January 1, 2017.

The bill does not change the "tip credit" allowed by law. Thus, it will automatically increase the employer's share of minimum wages for (1) hotel and wait staff from \$5.69 to \$5.78 in 2015, \$6.07 in 2016, and \$6.38 in 2017 and (2) bartenders from \$7.34 to \$7.46 in 2015, \$7.82 in 2016, and \$8.23 in 2017.

The law also allows employers to pay learners, beginners, and people younger than age 18 at a rate equal to 85% of the minimum wage for their first 200 hours of employment. The minimum wage increase scheduled under current law will effectively increase this learner's wage from its current \$7.39 to \$7.65 on January 1, 2015. The bill instead effectively increases the learner's wage to \$7.78 in 2015, \$8.16 in 2016, and \$8.59 in 2017.

EFFECTIVE DATE: July 1, 2014

TIP CREDIT

The law allows the employers of hotel and restaurant staff and bartenders who customarily receive tips to count these employees' tips towards their minimum wage requirement. The "tip credit" reduces the employer's share of the minimum wage, as long as the employees' tips make up the difference. Because the bill does not change the tip credit percentage (which, by law, is already set to increase in 2015), its increases in the minimum wage will raise the amount that employers

must pay towards their tipped employees' minimum wage requirements as shown in Tables 1 and 2.

Table 1: The Hotel and Restaurant Employees' Tip Credit

<i>Year</i>	<i>Minimum Wage</i>	<i>Tip Credit</i>	<i>Employer's Share</i>
2014 (current law)	\$8.70	34.6% ($\$8.70 \times .346 = \3.01)	\$5.69 ($\$8.70 - \3.01)
2015 (current law)	\$9.00	36.8% ($\$9.00 \times .368 = \3.31)	\$5.69 ($\$9.00 - \3.31)
2015 (the bill)	\$9.15	36.8% ($\$9.15 \times .368 = \3.37)	\$5.78 ($\$9.15 - \3.37)
2016 (the bill)	\$9.60	36.8% ($\$9.60 \times .368 = \3.53)	\$6.07 ($\$9.60 - \3.53)
2017 (the bill)	\$10.10	36.8% ($\$10.10 \times .368 = \3.72)	\$6.38 ($\$10.10 - \3.72)

Table 2: The Bartenders' Tip Credit

<i>Year</i>	<i>Minimum Wage</i>	<i>Tip Credit</i>	<i>Employer's Share</i>
2014 (current law)	\$8.70	15.6% ($\$8.70 \times .156 = \1.36)	\$7.34 ($\$8.70 - \1.36)
2015 (current law)	\$9.00	18.5% ($\$9.00 \times .185 = \1.66)	\$7.34 ($\$9.00 - \1.66)
2015 (the bill)	\$9.15	18.5% ($\$9.15 \times .185 = \1.69)	\$7.46 ($\$9.15 - \1.69)
2016 (the bill)	\$9.60	18.5% ($\$9.60 \times .185 = \1.78)	\$7.82 ($\$9.60 - \1.78)
2017 (the bill)	\$10.10	18.5% ($\$10.10 \times .185 = \1.87)	\$8.23 ($\$10.10 - \1.87)

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 8 Nay 3 (03/04/2014)